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May 18, 2006

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: *Notice of Ex Parte; Georgia Public Service Commission Petition for Declaratory and Confirmation of Just and Reasonableness of Established Rates, WC Docket No. 06-90*

Dear Ms. Dortch:

Yesterday, Jim Kirkland, Senior Vice President of Strategic Development & General Counsel, and Chris McKee, Vice President of FCC and Legislative Affairs & Assistant General Counsel, both of Covad Communications, met with Commissioner Adelstein. Covad provided a business update and discussed WC Docket No. 06-90 regarding the Georgia Public Service Commission petition for a declaratory ruling regarding state authority related to Section 271 rates. Written materials reviewed at the meeting are attached.

Pursuant to Section 1.1206(b) of the Commission's rules, 47 C.F.R. § 1.1206(b), an electronic copy of this notice is being filed in the above-referenced proceeding.

Respectfully submitted,

/s/ Angela Simpson

Angela Simpson
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TRANSFORMING COMMUNICATIONS THROUGH BROADBAND INNOVATION

Covad Communications Group Inc.

FCC Business Update

May 2006

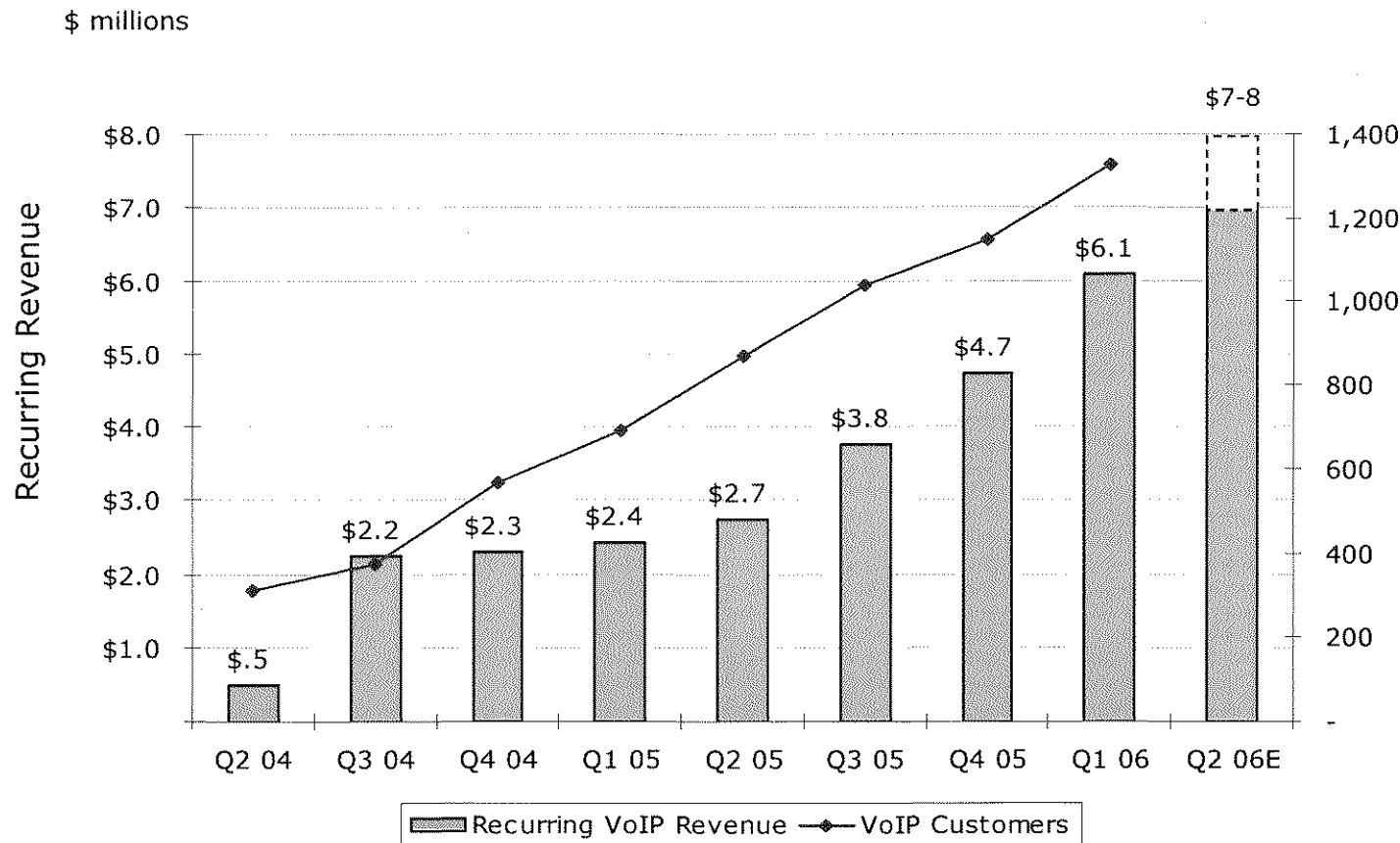
COVAD®



Covad is a leading nationwide provider of broadband voice and data communications

Established:	1996
Employees:	~1,000
Headquarters:	San Jose, CA
Customer Care Centers:	Herndon, VA; Denver, CO; Prince Edward Is., Canada; Bangalore, India
Products & Services:	
Data:	T1; SDSL; IDSL; ADSL
Voice:	vPBX, PBXi Plus; VOA; VSB PBX, LPVA
Business Segment (% of Recurring Revenue):	Business (73%); Consumer (27%) Wholesale (71%); Direct (29%)
2005 Revenue:	\$443 million
Ticker Symbol, Exchange:	DVW, American Stock Exchange

VoIP growth accelerating with fully ramped Direct VoIP sales force now in place & new products launching in 2006



Facilities-based Coverage Comparison across Top 15 MSA's*

	Covad	AT&T	Verizon	Qwest	BellSouth
New York	●		●		
Los Angeles	●	●	●		
Chicago	●	●			
Philadelphia	●		●		
Dallas	●	●	●		
Miami	●				●
Washington, DC	●		●		
Houston	●	●			
Atlanta	●				●
Detroit	●	●			
Boston	●		●		
San Francisco	●	●			
Riverside, CA	●	●			
Phoenix	●			●	
Seattle	●		●	●	

Note: Covad is the preferred provider for RBOCs' out-of-network customers

The broadest reach with one reliable nationwide network

Covad's footprint spans:

- 235 MSAs in 44 states
- Over 2,000 central offices
- More than 57 million homes and businesses



* Sources: US Census data (2002), Covad analysis, company websites.

* Covad defines "facilities-based coverage" as DSL footprint.

Covad Communications Group Inc.

	<u>Target Market</u>	<u>Covad Channel</u>	<u>Industry Recognition</u>
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Product Innovation

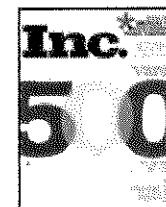
<ul style="list-style-type: none"> • PBXi- Enhancement to existing PBXi service, adding Covad's VoIP dashboard 	Business	Direct	Launched Q4 2005
<ul style="list-style-type: none"> • VSb VoIP- Moving down market with lower cost hosted VoIP solution 	Business	Direct	Launch set for Q3
<ul style="list-style-type: none"> • Voice Optimized Access (VOA)- Expanding VOA functionality to Dedicated ADSL and Fractional T1 	Business	Direct & Wholesale	
<ul style="list-style-type: none"> • Line Powered Voice Access (LPVA)- POTS replacement service delivering local, long distance voice and DSL 	Consumer	Wholesale	

Network Innovation

- **WiMAX (NextWeb)-** business access speeds up to 100Mbps

Business

Direct





The New Voice of Business

Voice services (direct)

- **vPBX:** integrated local, long distance and data communications, plus advanced features over a single, fully-managed network. Features Covad's award winning Dashboard user interface, Find Me/Follow Me, Click-to-Call, visual voicemail, call logs, and more.
- **PBXi:** integrated, advanced local, long distance, and data communications over a single, fully managed network connection that complements your on-site equipment, such as PBX, KTS, or IP-PBX.

Covad VoIP Business Benefits

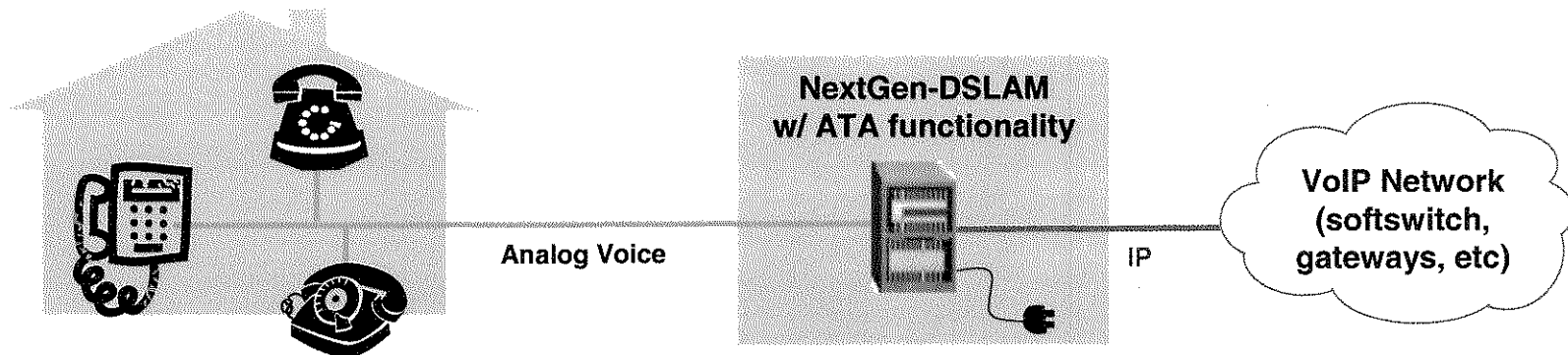
- Consolidated phone, broadband, and web hosting services
- A superior phone system with a managed T1 or SDSL broadband connection optimized for voice
- Reduced costs, up to 40%
- Increased productivity & efficiency with standards-based equipment and next generation features
- E-911 compliant

Features

- VoIP is converted to analog in the CO, so no need for an analog telephone adapter (ATA)
- Utilizes existing inside wiring in the home
- ADSL added to the line to form a bundled offering
- 40% increase in residential customers serviceable by Covad footprint
- New DSLAM also enables ADSL2+, Video, G.SHDSL, Metro ethernet and Private Line services

Customer Benefits

- Familiar service for average consumers
- Customer does not have to pay the RBOC for a voice line
- One bill from Partner for Voice and Data service
- Use existing phones and jacks across the home
- Phone works in a power outage



- The Commission should issue the requested declaratory ruling that states may act with regard to section 271 pricing
 - State ability to act on section 271 rates, terms, and conditions is based on section 252 authority over interconnection agreements and is not inconsistent with FCC's section 271(d)(6) enforcement authority
 - State inaction due to uncertainty is inefficient, costly, and harms competition
 - States are well suited to address and resolve section 271 pricing proceedings
 - Requested FCC clarification will help avoid potential escalation into section 271 backsliding complaints at federal level
- The section 271 prices established by Georgia meet the just and reasonable standard
 - Averaging of highest commercial agreement rates, use of voluntarily negotiated rates, elimination of zero figures
 - Rates significantly exceed TELRIC rates
- Line sharing as a section 271 element